

AMENDED IN SENATE AUGUST 25, 2015

AMENDED IN SENATE JULY 14, 2015

CALIFORNIA LEGISLATURE—2015–16 FIRST EXTRAORDINARY SESSION

## SENATE BILL

**No. 1**

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### Introduced by Senator Beall

June 22, 2015

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An act to add Sections 14526.7, 14526.8, and 16321 to the Government Code, to amend Sections 7360 and 60050 of, and to add Sections 7361.2, 7653.2, 60050.2, and 60201.4 to, the Revenue and Taxation Code, to add Section 2103.1 to, to add Article 8 (commencing with Section 228) to Chapter 1 of Division 1 of, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3 and 9250.6 to the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1, as amended, Beall. Transportation funding.

(1) Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria to ensure efficient use of the funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill and \$0.10 of the ~~a~~ \$0.22 per gallon increase in the diesel fuel excise tax imposed by the bill, *including an inflation adjustment, as provided*, a \$0.12 per gallon storage tax on motor vehicle fuel and \$0.10 of the \$0.22 per gallon storage tax on diesel fuel imposed by the bill, an increase of \$35 in the annual vehicle registration fee, a new \$100 annual vehicle registration fee applicable to zero-emission motor vehicles, as defined, a new annual road access charge on each vehicle, as defined, of \$35, and repayment, over a 3-year period, of outstanding loans made in previous years from certain transportation funds to the General Fund.

The bill would continuously appropriate the funds in the account for road maintenance and rehabilitation purposes and would allocate 5% of available funds to counties that approve a transactions and use tax on or after July 1, 2015, with the remaining funds to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program, and 50% to cities and counties pursuant to a specified formula. The bill would impose various requirements on agencies receiving these funds. The bill would authorize a city or county to spend its apportionment of funds under the program on transportation priorities other than those allowable pursuant to the program if the city's or county's average Pavement Condition Index meets or exceeds 85.

(2) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) created the Trade Corridors Improvement Fund and provided for allocation by the California Transportation Commission of \$2 billion in bond funds for infrastructure improvements on highway and rail corridors that have a high volume of freight movement, and specified categories of projects eligible to receive these funds. Existing law continues the Trade Corridors Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes.

The bill would transfer revenues attributable to \$0.12 of the \$0.22 increase in the diesel fuel excise tax and revenues attributable to \$0.12 of the \$0.22 per gallon storage tax on diesel fuel to the Trade Corridors Improvement Fund for expenditure on eligible projects.

(3) Existing law, as of July 1, 2011, increases the sales and use tax on diesel and decreases the excise tax, as provided. Existing law requires the State Board of Equalization to annually modify both the gasoline and diesel excise tax rates on a going-forward basis so that the various changes in the taxes imposed on gasoline and diesel are revenue neutral.

This bill would eliminate the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates. This bill would, beginning January 1, 2019, and every 3rd year thereafter, require the board to recompute the gasoline and diesel excise tax rates based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance, as prescribed.

(4) Existing law requires the Department of Transportation to prepare a state highway operation and protection program every other year for the expenditure of transportation capital improvement funds for projects that are necessary to preserve and protect the state highway system, excluding projects that add new traffic lanes. The program is required to be based on an asset management plan, as specified. Existing law requires the department to specify, for each project in the program, the capital and support budget and projected delivery date for various components of the project. Existing law provides for the California Transportation Commission to review and adopt the program, and authorizes the commission to decline and adopt the program if it determines that the program is not sufficiently consistent with the asset management plan.

This bill, on and after February 1, 2017, would require the commission to make an allocation of all capital and support costs for each project in the program, and would require the department to submit a supplemental project allocation request to the commission for each project that experiences cost increases above the amounts in its allocation. The bill would require the commission to establish guidelines to provide exceptions to the requirement for a supplemental project allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

(5) Existing law requires the Department of Transportation to prepare and submit to the Governor a proposed budget and to develop budgeting,

accounting, fiscal control, and management information systems to provide budget oversight.

This bill, by April 1, 2016, would require the department to present to the California Transportation Commission a plan to increase department efficiency by up to 30% over the subsequent 3 years, with the ongoing savings to result in increased capital expenditures in the state highway operation and protection program or an increase in the state highway maintenance program.

(6) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) Over the next 10 years, the state faces a \$59 billion shortfall  
4 to adequately maintain the existing state highway system, in order  
5 to keep it in a basic state of good repair.

6 (b) Similarly, cities and counties face a \$78 billion shortfall  
7 over the next decade to adequately maintain the existing network  
8 of local streets and roads.

9 (c) Statewide taxes and fees dedicated to the maintenance of  
10 the system have not been increased in more than 20 years, with  
11 those revenues losing more than 55 percent of their purchasing  
12 power, while costs to maintain the system have steadily increased  
13 and much of the underlying infrastructure has aged past its expected  
14 useful life.

15 (d) California motorists are spending \$17 billion annually in  
16 extra maintenance and car repair bills, which is more than \$700  
17 per driver, due to the state's poorly maintained roads.

18 (e) Failing to act now to address this growing problem means  
19 that more drastic measures will be required to maintain our system  
20 in the future, essentially passing the burden on to future generations  
21 instead of doing our job today.

22 (f) A funding program will help address a portion of the  
23 maintenance backlog on the state's road system and will stop the  
24 growth of the problem.

1 (g) Modestly increasing various fees can spread the cost of road  
2 repairs broadly to all users and beneficiaries of the road network  
3 without overburdening any one group.

4 (h) Improving the condition of the state's road system will have  
5 a positive impact on the economy as it lowers the transportation  
6 costs of doing business, reduces congestion impacts for employees,  
7 and protects property values in the state.

8 (i) The federal government estimates that increased spending  
9 on infrastructure creates more than 13,000 jobs per \$1 billion spent.

10 (j) Well-maintained roads benefit all users, not just drivers, as  
11 roads are used for all modes of transport, whether motor vehicles,  
12 transit, bicycles, or pedestrians.

13 (k) Well-maintained roads additionally provide significant health  
14 benefits and prevent injuries and death due to crashes caused by  
15 poorly maintained infrastructure.

16 SEC. 2. Section 14526.7 is added to the Government Code, to  
17 read:

18 14526.7. (a) On and after February 1, 2017, an allocation by  
19 the commission of all capital and support costs for each project in  
20 the state highway operation and protection program shall be  
21 required.

22 (b) For a project that experiences increases in capital or support  
23 costs above the amounts in the commission's allocation pursuant  
24 to subdivision (a), a supplemental project allocation request shall  
25 be submitted by the department to the commission for approval.

26 (c) The commission shall establish guidelines to provide  
27 exceptions to the requirement of subdivision (b) that the  
28 commission determines are necessary to ensure that projects are  
29 not unnecessarily delayed.

30 SEC. 3. Section 14526.8 is added to the Government Code, to  
31 read:

32 14526.8. (a) On or before April 1, 2016, the department shall  
33 present to the commission a plan to increase department efficiency  
34 by up to 30 percent over the subsequent three years. The ongoing  
35 savings experienced through this increased efficiency shall result  
36 in increased capital expenditures in the department's state highway  
37 operation and protection program or an increase in the department's  
38 state highway maintenance program.

39 (b) The commission shall consider the reasonableness of the  
40 proposal, and may approve the entire plan or reject all or portions

1 of the plan. The commission's feedback is intended to ensure that  
2 the department is achieving the savings in the most responsible  
3 way possible.

4 (c) All future state highway operation and protection program  
5 documents shall identify the increased funding available to the  
6 program as a result of the efficiencies realized due to the  
7 implementation of the plan.

8 SEC. 4. Section 16321 is added to the Government Code, to  
9 read:

10 16321. (a) Notwithstanding any other law, on or before March  
11 1, 2016, the Department of Finance shall compute the amount of  
12 outstanding loans made from the State Highway Account, the  
13 Motor Vehicle Fuel Account, the Highway Users Tax Account,  
14 and the Motor Vehicle Account to the General Fund. The  
15 department shall prepare a loan repayment schedule, pursuant to  
16 which the outstanding loans shall be repaid to the accounts from  
17 which the loans were made, as follows:

18 (1) On or before June 30, 2016, 33 percent of the outstanding  
19 loan amounts.

20 (2) On or before June 30, 2017, 33 percent of the outstanding  
21 loan amounts.

22 (3) On or before June 30, 2018, 34 percent of the outstanding  
23 loan amounts.

24 (b) Notwithstanding any other provision of law, as the loans are  
25 repaid pursuant to this section, the repaid funds shall be transferred  
26 to the Road Maintenance and Rehabilitation Account created  
27 pursuant to Section 2031 of the Streets and Highways Code.

28 (c) Funds for loan repayments pursuant to this section shall be  
29 appropriated from the Budget Stabilization Account pursuant to  
30 subclause (II) of clause (ii) of subparagraph (B) of paragraph (1)  
31 of subdivision (c) of Section 20 of Article XVI of the California  
32 Constitution.

33 SEC. 5. Section 7360 of the Revenue and Taxation Code is  
34 amended to read:

35 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby  
36 imposed upon each gallon of fuel subject to the tax in Sections  
37 7362, 7363, and 7364.

38 (B) In addition to the tax imposed pursuant to subparagraph  
39 (A), on and after the 61st day after the effective date of the act  
40 adding this subparagraph, a tax of twelve cents (\$0.12) is hereby

1 imposed upon each gallon of fuel subject to the tax in Sections  
2 7362, 7363, and 7364.

3 (2) If the federal fuel tax is reduced below the rate of nine cents  
4 (\$0.09) per gallon and federal financial allocations to this state for  
5 highway and exclusive public mass transit guideway purposes are  
6 reduced or eliminated correspondingly, the tax rate imposed by  
7 subparagraph (A) of paragraph (1), on and after the date of the  
8 reduction, shall be recalculated by an amount so that the combined  
9 state rate under subparagraph (A) of paragraph (1) and the federal  
10 tax rate per gallon equal twenty-seven cents (\$0.27).

11 (3) If any person or entity is exempt or partially exempt from  
12 the federal fuel tax at the time of a reduction, the person or entity  
13 shall continue to be so exempt under this section.

14 (b) On and after July 1, 2010, in addition to the tax imposed by  
15 subdivision (a), a tax is hereby imposed upon each gallon of motor  
16 vehicle fuel, other than aviation gasoline, subject to the tax in  
17 Sections 7362, 7363, and 7364 in an amount equal to seventeen  
18 and three-tenths cents (\$0.173) per gallon.

19 (c) Beginning January 1, 2019, and every third year thereafter,  
20 the State Board of Equalization shall recompute the rates of the  
21 taxes imposed by this section. That computation shall be made as  
22 follows:

23 (1) The Department of Finance shall transmit to the State Board  
24 of Equalization the percentage change in the California Consumer  
25 Price Index for all items from June of three calendar years prior  
26 to June of the current calendar year, no later than August 1, 2018,  
27 and August 1 of every third year thereafter.

28 (2) The State Board of Equalization shall do both of the  
29 following:

30 (A) Compute an inflation adjustment factor by adding 100  
31 percent to the percentage change figure that is furnished pursuant  
32 to paragraph (1) and dividing the result by 100.

33 (B) Multiply the preceding tax rate per gallon by the inflation  
34 adjustment factor determined in subparagraph (A) and round off  
35 the resulting products to the nearest tenth of a cent.

36 SEC. 6. Section 7361.2 is added to the Revenue and Taxation  
37 Code, to read:

38 7361.2. (a) For the privilege of storing, for the purpose of sale,  
39 each supplier, wholesaler, and retailer owning 1,000 or more  
40 gallons of tax-paid motor vehicle fuel on the 61st day after the

1 effective date of the act adding this section shall pay a storage tax  
2 of twelve cents (\$0.12) per gallon of tax-paid motor vehicle fuel  
3 in storage according to the volumetric measure thereof.

4 (b) For purposes of this section:

5 (1) “Owning” means having title to the motor vehicle fuel.

6 (2) “Retailer” means any person who sells motor vehicle fuel  
7 in this state to a person who subsequently uses the motor vehicle  
8 fuel.

9 (3) “Storing” includes the ownership or possession of tax-paid  
10 motor vehicle fuel outside of the bulk transfer/terminal system,  
11 including the holding of tax-paid motor vehicle fuel for sale at  
12 wholesale or retail locations stored in a container of any kind,  
13 including railroad tank cars and trucks or trailer cargo tanks.  
14 “Storing” also includes tax-paid motor vehicle fuel purchased from  
15 and invoiced by the seller, and tax-paid motor vehicle fuel removed  
16 from a terminal or entered into by a supplier, prior to the date  
17 specified in subdivision (a) and in transit on that date.

18 (4) “Wholesaler” means any person who sells motor vehicle  
19 fuel in this state for resale to a retailer or to a person who is not a  
20 retailer and subsequently uses the motor vehicle fuel.

21 SEC. 7. Section 7653.2 is added to the Revenue and Taxation  
22 Code, to read:

23 7653.2. On or before the 121st day after the effective date of  
24 the act adding this section, each person subject to the storage tax  
25 imposed under Section 7361.2 shall prepare and file with the board,  
26 in a form prescribed by the board, a return showing the total  
27 number of gallons of tax-paid motor vehicle fuel owned by the  
28 person on the 61st day after the effective date of the act adding  
29 this section, the amount of the storage tax, and any other  
30 information that the board deems necessary for the proper  
31 administration of this part. The return shall be accompanied by a  
32 remittance payable to the Controller in the amount of tax due.

33 SEC. 8. Section 60050 of the Revenue and Taxation Code is  
34 amended to read:

35 60050. (a) (1) A tax of thirteen cents (\$0.13) is hereby  
36 imposed upon each gallon of diesel fuel subject to the tax in  
37 Sections 60051, 60052, and 60058.

38 (2) If the federal fuel tax is reduced below the rate of fifteen  
39 cents (\$0.15) per gallon and federal financial allocations to this  
40 state for highway and exclusive public mass transit guideway



purposes are reduced or eliminated correspondingly, the tax rate imposed by paragraph (1) shall be increased by an amount so that the combined state rate under paragraph (1) and the federal tax rate per gallon equal what it would have been in the absence of the federal reduction.

(3) If any person or entity is exempt or partially exempt from the federal fuel tax at the time of a reduction, the person or entity shall continue to be exempt under this section.

(b) In addition to the tax imposed pursuant to subdivision (a), on and after the 61st day after the effective date of the act adding this subdivision, an additional tax of twenty-two cents (\$0.22) is hereby imposed upon each gallon of diesel fuel subject to the tax in Sections 60051, 60052, and 60058.

(c) Beginning January 1, 2019, and every third year thereafter, the State Board of Equalization shall recompute the rates of the taxes imposed by this section. That computation shall be made as follows:

(1) The Department of Finance shall transmit to the State Board of Equalization the percentage change in the California Consumer Price Index for all items from June of three calendar years prior to June of the current calendar year, no later than August 1, 2018, and August 1 of every third year thereafter.

(2) The State Board of Equalization shall do both of the following:

(A) Compute an inflation adjustment factor by adding 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and dividing the result by 100.

(B) Multiply the preceding tax rate per gallon by the inflation adjustment factor determined in subparagraph (A) and round off the resulting products to the nearest tenth of a cent.

SEC. 9. Section 60050.2 is added to the Revenue and Taxation Code, to read:

60050.2. (a) For the privilege of storing, for the purpose of sale, each supplier, wholesaler, and retailer owning 1,000 or more gallons of tax-paid diesel fuel on the 61st day after the effective date of the act adding this section shall pay a storage tax of twenty-two cents (\$0.22) per gallon of tax-paid diesel fuel in storage according to the volumetric measure thereof.

(b) For purposes of this section:

(1) "Owning" means having title to the diesel fuel.

(2) “Retailer” means any person who sells diesel fuel in this state to a person who subsequently uses the diesel fuel.

(3) “Storing” includes the ownership or possession of tax-paid diesel fuel outside of the bulk transfer/terminal system, including the holding of tax-paid diesel fuel for sale at wholesale or retail locations stored in a container of any kind, including railroad tank cars and trucks or trailer cargo tanks. “Storing” also includes tax-paid diesel fuel purchased from and invoiced by the seller, and tax-paid diesel fuel removed from a terminal or entered into by a supplier, prior to the date specified in subdivision (a) and in transit on that date.

(4) “Wholesaler” means any person who sells diesel fuel in this state for resale to a retailer or to a person who is not a retailer and subsequently uses the diesel fuel.

SEC. 10. Section 60201.4 is added to the Revenue and Taxation Code, to read:

60201.4. On or before the 121st day after the effective date of the act adding this section, each person subject to the storage tax imposed under Section 60050.2 shall prepare and file with the board, in a form prescribed by the board, a return showing the total number of gallons of tax-paid diesel fuel owned by the person on the 61st day after the effective date of the act adding this section, the amount of the storage tax, and any other information that the board deems necessary for the proper administration of this part. The return shall be accompanied by a remittance payable to the Controller in the amount of tax due.

SEC. 11. Article 8 (commencing with Section 228) is added to Chapter 1 of Division 1 of the Streets and Highways Code, to read:

#### Article 8. Road Access Charge

228. (a) In addition to any other charge imposed on a vehicle by law, an annual road access charge is hereby imposed on each vehicle described in subdivision (c). The amount of the annual road access charge shall be thirty-five dollars (\$35). The Department of Motor Vehicles shall collect the charge at the same time and in the same manner as the department collects the vehicle registration fee pursuant to Section 9250.3 of the Vehicle Code.

(b) Revenues from the charge, after deduction of the department's administrative costs related to this section, shall be deposited in the Road Maintenance and Rehabilitation Account created pursuant to Section 2031.

(c) As used in this section, "vehicle" means every vehicle subject to registration in this state. "Vehicle" does not mean either any vehicle exempted pursuant to the Vehicle Code from the payment of registration fees or any vehicle for which a certificate of nonoperation has been filed with the Department of Motor Vehicles pursuant to Section 4604 of the Vehicle Code during the period of time covered by the certificate.

SEC. 12. Chapter 2 (commencing with Section 2030) is added to Division 3 of the Streets and Highways Code, to read:

CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION  
PROGRAM

2030. (a) The Road Maintenance and Rehabilitation Program is hereby created to address deferred maintenance on the state highway system and the local street and road system. Funds made available by the program shall be prioritized for expenditure on basic road maintenance and road rehabilitation projects, and on critical safety projects. The California Transportation Commission shall adopt performance criteria to ensure efficient use of the funds available pursuant to this chapter for the program.

(b) Funds made available by the program shall be used for projects that include, but are not limited to, the following:

- (1) Road maintenance and rehabilitation.
- (2) Safety projects.
- (3) Railroad grade separations.
- (4) Active transportation and pedestrian and bicycle safety projects in conjunction with any other allowable project.

(c) To the extent possible, the department and cities and counties receiving an apportionment of funds under the program shall use advanced technologies and material recycling techniques that reduce the cost of maintaining and rehabilitating the streets and highways.

2031. The following revenues shall be deposited in the Road Maintenance and Rehabilitation Account, which is hereby created in the State Transportation Fund:

(a) (1) The revenues attributable to the increase in the motor vehicle fuel excise tax by twelve cents (\$0.12) per gallon *pursuant to subdivision (a) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section*, and the revenues attributable to ten cents (\$0.10) per gallon of the increase in the diesel fuel excise tax by twenty-two cents (\$0.22) per gallon, *pursuant to subdivision (b) of Section 60050 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section*, as provided in *subdivision (a) of Section 2103.1*.

(2) The revenues attributable to the storage tax imposed pursuant to Section 7361.2 of the Revenue and Taxation Code and the revenues attributable to ten cents (\$0.10) of the storage tax per gallon of tax-paid diesel fuel imposed by Section 60050.2 of the Revenue and Taxation Code, as provided in *subdivision (b) of Section 2103.1*.

(b) The revenues from the increase in the vehicle registration fee pursuant to Section 9250.3 of the Vehicle Code.

(c) The revenues from the increase in the vehicle registration fee pursuant to Section 9250.6 of the Vehicle Code.

(d) The revenues from the road access charge imposed pursuant to Section 228.

(e) The revenues from repayment of loans made from the State Highway Account, the Motor Vehicle Fuel Account, the Highway Users Tax Account, and the Motor Vehicle Account to the General Fund, pursuant to the schedule set forth in Section 16321 of the Government Code.

(f) Any other revenues designated for the program.

2031.5. Each fiscal year the annual Budget Act shall contain an appropriation from the Road Maintenance and Rehabilitation Account to the Controller for the costs of carrying out his or her duties pursuant to this chapter and to the California Transportation Commission for the costs of carrying out its duties pursuant to this chapter and Sections 14526.7 and 14526.8 of the Government Code.

2032. (a) After deducting the amounts appropriated in the annual Budget Act as provided in Section 2031.5, 5 percent of the remaining revenues deposited in the Road Maintenance and Rehabilitation Account shall be set aside for counties in which voters approve, on or after July 1, 2015, a transactions and use tax for transportation purposes, and which counties did not, prior to

1 that approval, impose a transactions and use tax for those purposes.  
2 The funds available under this subdivision in each fiscal year are  
3 hereby continuously appropriated for allocation to each eligible  
4 county and each city in the county for road maintenance and  
5 rehabilitation purposes pursuant to Section 2035. However, funds  
6 remaining unallocated under this subdivision in any fiscal year  
7 shall be reallocated on the last day of the fiscal year pursuant to  
8 subdivision (b).

9 (b) The balance of the revenues deposited in the Road  
10 Maintenance and Rehabilitation Account, including the revenues  
11 reallocated for the purposes of this subdivision pursuant to  
12 subdivision (a), are hereby continuously appropriated as follows:

13 (1) Fifty percent for allocation to the department for maintenance  
14 of the state highway system or for purposes of the state highway  
15 operation and protection program.

16 (2) Fifty percent for apportionment to cities and counties by the  
17 Controller pursuant to the formula in subparagraph (C) of  
18 paragraph (3) of subdivision (a) of Section 2103 for the purposes  
19 authorized by this chapter, subject to subdivision (d) of Section  
20 2033 and paragraph (2) of subdivision (a) of Section 2034.

21 2033. (a) The commission shall annually evaluate each city  
22 and county receiving funds pursuant to this chapter.

23 (b) For each fiscal year in which the department receives an  
24 allocation of funds pursuant to Section 2032, the department shall  
25 submit documentation to the commission that includes a description  
26 and the location of each completed project, the amount of funds  
27 expended on the project, the completion date, and the project's  
28 estimated useful life. The commission shall evaluate the  
29 documentation to determine the effectiveness of the department  
30 in reducing deferred maintenance and improving road conditions  
31 on the state highway system, and may withhold future funding  
32 from the department if it determines that program funds have not  
33 been appropriately spent.

34 (c) For each fiscal year in which a city or county receives an  
35 apportionment of funds pursuant to subdivision (a) or paragraph  
36 (2) of subdivision (b) of Section 2032, the commission shall  
37 evaluate the documentation submitted pursuant to subdivision (b)  
38 of Section 2034 to determine the effectiveness of the city or county  
39 in reducing deferred maintenance and improving road conditions  
40 within its jurisdiction.

(d) If the commission determines, with respect to any given fiscal year, that a city or county has not appropriately spent its apportionment of funds, the commission shall direct the Controller to make that city or county ineligible to receive an apportionment during the next fiscal year. The Controller shall reapportion that city's or county's share of funds to all other eligible cities or counties pursuant to paragraph (2) of subdivision (b) of Section 2032.

(e) The commission shall include a discussion of its evaluations pursuant to this section in its annual report to the Legislature pursuant to Section 14535 of the Government Code.

2034. (a) (1) Prior to receiving an apportionment of funds under the program pursuant to paragraph (2) of subdivision (b) of Section 2032 from the Controller in a fiscal year, an eligible city or county shall submit to the commission a list of projects proposed to be funded with these funds pursuant to an adopted city or county budget. All projects proposed to receive funding shall be included in a city or county budget that is adopted by the applicable city council or county board of supervisors at a regular public meeting. The list of projects proposed to be funded with these funds shall include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement. The project list shall not limit the flexibility of an eligible city or county to fund projects in accordance with local needs and priorities so long as the projects are consistent with subdivision (d).

(2) The commission shall report to the Controller the cities and counties that have submitted a list of projects as described in this subdivision and that are therefore eligible to receive an apportionment of funds under the program for the applicable fiscal year. The Controller, upon receipt of the report, shall apportion funds to eligible cities and counties.

(b) For each fiscal year, each city or county receiving an apportionment of funds shall, upon expending program funds, submit documentation to the commission that includes a description and location of each completed project, the amount of funds expended on the project, the completion date, and the estimated useful life of the improvement. The documentation shall also include a comparison of the projects the city or county would have

1 completed without receiving funds under the program compared  
2 with the projects completed with these funds.

3 (c) The documentation provided pursuant to subdivision (b)  
4 shall be forwarded by the commission to the department, in a  
5 manner and form approved by the department, at the end of each  
6 fiscal year as long as program funds remain available for  
7 expenditure. The department may post the information contained  
8 in the documentation on its Internet Web site.

9 (d) (1) Funds made available to a city or county under the  
10 program shall be used for improvements to transportation facilities  
11 that will assist in reducing further deterioration of the existing road  
12 system. These improvements may include, but need not be limited  
13 to, pavement maintenance, rehabilitation, installation, construction,  
14 and reconstruction of necessary associated facilities such as  
15 drainage and traffic control devices, or safety projects to reduce  
16 fatalities.

17 (2) Funds made available under the program may also be used  
18 for the following purposes:

19 (A) To satisfy the local match requirement in order to obtain  
20 state or federal transportation funds for similar purposes.

21 (B) Active transportation and pedestrian and bicycle safety  
22 projects in conjunction with any other allowable project.

23 2035. (a) On or before July 1, 2016, the commission, in  
24 cooperation with the department, transportation planning agencies,  
25 county transportation commissions, and other local agencies, shall  
26 develop guidelines for the allocation of funds pursuant to  
27 subdivision (a) of Section 2032.

28 (b) The guidelines shall be the complete and full statement of  
29 the policy, standards, and criteria that the commission intends to  
30 use to determine how these funds will be allocated.

31 (c) The commission may amend the adopted guidelines after  
32 conducting at least one public hearing.

33 2036. (a) Cities and counties shall maintain their existing  
34 commitment of local funds for street, road, and highway purposes  
35 in order to remain eligible for an allocation or apportionment of  
36 funds pursuant to Section 2032.

37 (b) In order to receive an allocation or apportionment pursuant  
38 to Section 2032, the city or county shall annually expend from its  
39 general fund for street, road, and highway purposes an amount not  
40 less than the annual average of its expenditures from its general

1 fund during the 2009–10, 2010–11, and 2011–12 fiscal years, as  
2 reported to the Controller pursuant to Section 2151. For purposes  
3 of this subdivision, in calculating a city’s or county’s annual  
4 general fund expenditures and its average general fund expenditures  
5 for the 2009–10, 2010–11, and 2011–12 fiscal years, any  
6 unrestricted funds that the city or county may expend at its  
7 discretion, including vehicle in-lieu tax revenues and revenues  
8 from fines and forfeitures, expended for street, road, and highway  
9 purposes shall be considered expenditures from the general fund.  
10 One-time allocations that have been expended for street and  
11 highway purposes, but which may not be available on an ongoing  
12 basis, including revenue provided under the Teeter Plan Bond Law  
13 of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1  
14 of Division 2 of Title 5 of the Government Code), may not be  
15 considered when calculating a city’s or county’s annual general  
16 fund expenditures.

17 (c) For any city incorporated after July 1, 2009, the Controller  
18 shall calculate an annual average of expenditure for the period  
19 between July 1, 2009, and December 31, 2015, inclusive, that the  
20 city was incorporated.

21 (d) For purposes of subdivision (b), the Controller may request  
22 fiscal data from cities and counties in addition to data provided  
23 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12  
24 fiscal years. Each city and county shall furnish the data to the  
25 Controller not later than 120 days after receiving the request. The  
26 Controller may withhold payment to cities and counties that do  
27 not comply with the request for information or that provide  
28 incomplete data.

29 (e) The Controller may perform audits to ensure compliance  
30 with subdivision (b) when deemed necessary. Any city or county  
31 that has not complied with subdivision (b) shall reimburse the state  
32 for the funds it received during that fiscal year. Any funds withheld  
33 or returned as a result of a failure to comply with subdivision (b)  
34 shall be reapportioned to the other counties and cities whose  
35 expenditures are in compliance.

36 (f) If a city or county fails to comply with the requirements of  
37 subdivision (b) in a particular fiscal year, the city or county may  
38 expend during that fiscal year and the following fiscal year a total  
39 amount that is not less than the total amount required to be



1 expended for those fiscal years for purposes of complying with  
2 subdivision (b).

3 2037. A city or county may spend its apportionment of funds  
4 under the program on transportation priorities other than those  
5 allowable pursuant to this chapter if the city's or county's average  
6 Pavement Condition Index meets or exceeds 85.

7 SEC. 13. Section 2103.1 is added to the Streets and Highways  
8 Code, to read:

9 2103.1. (a) Notwithstanding subdivision (b) of Section 2103,  
10 the portion of the revenues in the Highway Users Tax Account  
11 attributable to the increase in the tax rate on motor vehicle fuel by  
12 twelve cents (\$0.12) per gallon pursuant to subdivision (a) of  
13 Section 7360 of the Revenue and Taxation Code, as adjusted  
14 pursuant to subdivision (c) of that section, and the increase in the  
15 tax rate on diesel fuel by twenty-two cents (\$0.22) per gallon  
16 pursuant to subdivision (b) of Section 60050 of the Revenue and  
17 Taxation Code, *as* adjusted pursuant to subdivision (c) of that  
18 section, shall be deposited in the Road Maintenance and  
19 Rehabilitation Account created pursuant to Section 2031, except  
20 that the portion of the revenues attributable to twelve cents (\$0.12)  
21 of that increase in the per gallon tax rate on diesel fuel, as adjusted,  
22 shall be deposited in the Trade Corridors Improvement Fund for  
23 expenditure pursuant to Section 2192.

24 (b) The portion of the revenues in the Highway Users Tax  
25 Account attributable to the storage tax imposed pursuant to Section  
26 7361.2 of the Revenue and Taxation Code and the storage tax  
27 imposed pursuant to Section 60050.2 of the Revenue and Taxation  
28 Code shall be deposited in the Road Maintenance and  
29 Rehabilitation Account created pursuant to Section 2031, except  
30 that the portion of the revenues attributable to twelve cents (\$0.12)  
31 of the storage tax per gallon of tax-paid diesel fuel imposed by  
32 Section 60050.2 of the Revenue and Taxation Code shall be  
33 deposited in the Trade Corridors Improvement Fund for  
34 expenditure pursuant to Section 2192.

35 SEC. 14. Section 9250.3 is added to the Vehicle Code, to read:

36 9250.3. (a) In addition to any other fees specified in this code,  
37 the Revenue and Taxation Code, or the Streets and Highways  
38 Code, commencing 120 days after the effective date of the act  
39 adding this section, a registration fee of thirty-five dollars (\$35)  
40 shall be paid to the department for registration or renewal of

1 registration of every vehicle subject to registration under this code,  
2 except those vehicles that are expressly exempted under this code  
3 from payment of registration fees.

4 (b) Revenues from the fee, after deduction of the department's  
5 administrative costs related to this section, shall be deposited in  
6 the Road Maintenance and Rehabilitation Account created pursuant  
7 to Section 2031 of the Streets and Highways Code.

8 SEC. 15. Section 9250.6 is added to the Vehicle Code, to read:

9 9250.6. (a) In addition to any other fees specified in this code,  
10 the Revenue and Taxation Code, or the Streets and Highways  
11 Code, commencing 120 days after the effective date of the act  
12 adding this section, a registration fee of one hundred dollars (\$100)  
13 shall be paid to the department for registration or renewal of  
14 registration of every zero-emission motor vehicle subject to  
15 registration under this code, except those motor vehicles that are  
16 expressly exempted under this code from payment of registration  
17 fees.

18 (b) Revenues from the fee, after deduction of the department's  
19 administrative costs related to this section, shall be deposited in  
20 the Road Maintenance and Rehabilitation Account created pursuant  
21 to Section 2031 of the Streets and Highways Code.

22 (c) This section does not apply to a commercial motor vehicle  
23 subject to Section 9400.1.

24 (d) For purposes of this section, "zero-emission motor vehicle"  
25 means a motor vehicle as described in subdivisions (c) and (d) of  
26 Section 44258 of the Health and Safety Code, or any other motor  
27 vehicle that is able to operate on any fuel other than gasoline or  
28 diesel fuel.

29 SEC. 16. This act is an urgency statute necessary for the  
30 immediate preservation of the public peace, health, or safety within  
31 the meaning of Article IV of the Constitution and shall go into  
32 immediate effect. The facts constituting the necessity are:

33 In order to provide additional funding for road maintenance and  
34 rehabilitation purposes as quickly as possible, it is necessary for  
35 this act to take effect immediately.

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